



Celebrating 10 Years
**SMALL BUSINESS
MAJORITY**

February 24, 2016

Colorado House Finance Committee
200 E Colfax Ave
Denver, CO 80203

RE: House Bill 16-1275

Dear Chairperson Court, Vice-Chair Foote and Members of the House Finance Committee:

As a national organization representing America's 28 million small businesses and the 3.6 million in Colorado, Small Business Majority is writing to express support for House Bill 16-1275. This bill would crack down on the use of offshore tax havens by large corporations, which would help level the playing field for Colorado small business owners.

Small businesses are our nation's primary innovators and job creators, creating two-thirds of new jobs each year. Yet, too often, they're forced to play by a different set of rules than big businesses – which leaves small businesses at a competitive disadvantage and stifles entrepreneurship. Corporate tax loopholes particularly place small businesses at a disadvantage.

It's not uncommon for larger corporations to exploit tax loopholes by using legal accounting maneuvers to create offshore tax havens, which allow them to avoid an estimated \$90 billion in federal income taxes each year. This avoidance leaves small business owners holding the bill for local resources like roads, schools and police. In fact, offshore tax havens cost the average Colorado small business \$3,551 per year. For small businesses that operate on limited capital and resources, this extra tax burden is significant.

The bill would help address this issue by allowing the Colorado Department of Revenue to label certain jurisdictions as tax havens based on set criteria and include the income that a company claims to be generated in tax havens as taxable income. If approved by voters in a ballot initiative in November 2016, Colorado could annually tax corporations' state income that is sheltered in tax havens.

It's no surprise that Small Business Majority's polling of a random sample of entrepreneurs across the country found 75 percent believe their small business is harmed when big corporations use loopholes to avoid taxes, and 90 percent believe big corporations use loopholes to avoid taxes that small businesses have to pay. Additionally, the polling found 9 in 10 owners say the practice of U.S. multinational corporations using accounting loopholes to shift their U.S. profits to offshore subsidiaries to avoid taxes is a problem, and they support eliminating these tax breaks and providing incentives to bring production home.

If we truly want small businesses to thrive, it's vital that big businesses play by the same rules as everyone else. One of the best ways we can do that is by cracking down on corporate tax loopholes like offshore tax havens and ensuring U.S.-based multinational corporations pay their fair share. We hope you move forward with House Bill 16-1275 in order to help Colorado's entrepreneurs succeed.

Sincerely,

Tim Gaudette, Colorado Outreach Manager
Small Business Majority

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